

ACTION – 3.

RESOLUTION NUMBER: 31-04 ADOPTION OF THE FY 2005 SECTION 8 HOUSING ASSISTANCE PROGRAM OPERATING BUDGETS FOR ANNUAL CONTRIBUTIONS CONTRACTS P-2509 FOR THE PERIOD JULY 1, 2004 THROUGH DECEMBER 31, 2004 AND P-2515 FOR THE PERIOD JULY 1, 2004 THROUGH JUNE 30, 2005

ISSUE:

Adoption of the revised FY 2005 Section 8 Housing Assistance Program Operating Budgets for Annual Contributions Contracts (ACC) P-2509, Housing Choice Voucher Program for the period July 1 through December 31, 2004, and P-2515, New Construction project-based program for the full fiscal year for submission to the U.S. Department of Housing and Urban Development (HUD).

RECOMMENDATION:

At its meeting on May 12, 2004, the Finance Committee recommended that this item be placed on the May 20, 2004 FCRHA agenda for approval.

TIMING:

Immediate

RELATION TO FCRHA STRATEGIC PLAN:

The recommended action addresses the FCRHA's stated goal to provide opportunities for Fairfax County residents of low and moderate income to obtain safe, decent housing within their means.

BACKGROUND:

The FY 2005 preliminary budget for the Section 8 ACC P-2509 and P-2515 was submitted to the Fairfax County Department of Management and Budget in September 2003 as part of the County's annual budget cycle and was included as Fund 966, Federal Section 8 Rental Assistance Program in the County's FY 2005 Advertised Budget Plan. Subsequent to HCD's budget submittal, HUD issued a funding notice to PHAs on the renewal of Section 8 contracts which will be based on year-end financial data submitted in August 2003. This action implements a funding formula that is effectively serving as a cap on program costs nationwide. Accordingly, HCD will be submitting a revised Section 8 operating budget to HUD based on the new notice. Additionally, HUD instructions mandate that the initial FY 2005 budget reflect funding required through the end of the 2004 calendar year. Upon further instructions from HUD, a budget amendment will be submitted, which will request funding for the remainder of fiscal year 2005, January through June 2005.

The ACC P-2509 and P-2515 covers 3,506 Section 8 units consisting of two major

components: 3,146 Housing Choice Vouchers and 360 New Construction project-based units. Project-based units are still called "New Construction" under HUD rules; however, these are existing projects.

The Housing Choice Voucher (HCV) budget assumes that an average of 100% of the units will be under lease during the fiscal year at an average of 100% of the HUD Fair Market Rent (FMR). Based on current HUD guidelines for calculating administrative fees earned and an average annual lease-up rate of 100%, FY 2004 administrative fees earned will be sufficient to cover projected administrative expenses

Upon adoption, the Section 8 Operating Budgets will be submitted to HUD for approval.

FISCAL IMPACT:

The proposed funding formula is based on the lease-up rate in August 2003, with an inflation factor, which HUD has not released. While the lease-up rate was very high in August 2003, the financial impact to the program, both in terms of HAP and administrative fees, cannot be fully projected until the inflation factor is known. If the FY 2005 funding formula and the proposed flexible voucher proposal are adopted in the current form, there may be devastating consequences to the FCRHA Housing Choice Voucher program, in terms of tenant displacement and loss of revenue to support program activities. Both approaches move the program to one based on funding for a certain number of units to one based on a fixed dollar amount. Although this does not appear to be an immediate issue, this could eventually leave the FCRHA with insufficient federal funding to cover the lease obligations for all its units.

OTHER COMMENTS:

If this item is not approved by the FCRHA, there is a potential for the loss of federal funds for 3,506 units under ACC P-2509 and P-2515. The loss of this funding would result in the displacement of families from their rental units.

ENCLOSED DOCUMENTS:

Attachment 1: Resolution No. 31-04

STAFF:

Paula C. Sampson, Director, Department of Housing and Community Development (HCD)  
Mary A. Stevens, Deputy Director, HCD  
Joseph A. Maranto, Fiscal Administrator, Financial Management Division, HCD  
Mary Lou Thompson, Accountant III, Financial Management Division, HCD  
Joan Tompkins, Accountant II, Financial Management Division, HCD

RESOLUTION NO. 31-04

ADOPTION OF THE FY 2005 SECTION 8 HOUSING ASSISTANCE PROGRAM  
OPERATING BUDGETS FOR ANNUAL CONTRIBUTIONS CONTRACTS P-2509 FOR  
THE PERIOD JULY 1, 2004 THROUGH DECEMBER 31, 2004 AND P-2515 FOR THE  
PERIOD JULY 1, 2004 THROUGH JUNE 30, 2005

BE IT RESOLVED, that the Fairfax County Redevelopment and Housing Authority (FCRHA) approves the FY 2005 budget for Annual Contributions Contract (ACC) P-2509 for the period July 1, 2004 through December 31, 2004 and P-2515 for the period July 1, 2004 through June 30, 2005 totaling 3,506 units which is necessary for the operation of the FY 2005 Section 8 Housing Assistance Program, and authorizes submission of the budgets to the U.S. Department of Housing and Urban Development.

ACTION – 1.

RESOLUTION NUMBER: 11-04 ADOPTION OF THE FY 2005 PUBLIC HOUSING UNDER MANAGEMENT OPERATING BUDGETS FOR ANNUAL CONTRIBUTIONS CONTRACTS P-184 AND P-2530

ISSUE:

Adoption of the revised FY 2005 Public Housing Under Management Operating Budgets for Annual Contributions Contracts (ACC) P-184 and P-2530 for submission to the United States Department of Housing and Urban Development (HUD).

RECOMMENDATION:

Lacking a quorum at its meeting of March 3, 2004, the Finance Committee members present reviewed this item and the Chairman recommended that it be placed on the March 11, 2004 FCRHA agenda.

TIMING:

Action should be taken immediately, since the deadline for submission to HUD is April 1, 2004.

RELATION TO FCRHA STRATEGIC PLAN:

The recommended action addresses the FCRHA's stated goal to provide opportunities for Fairfax County residents of low and moderate income to obtain safe, decent housing within their means.

BACKGROUND:

The FY 2005 preliminary budget for the Public Housing Under Management Program was submitted to the Fairfax County Department of Management and Budget in September 2003 as part of the County's annual budget cycle and was included as Fund 967, Public Housing Under Management in the County's FY 2005 Advertised Budget Plan. The revised FY 2005 operating budget included with this item reflects projections based on the most current factors provided by HUD through the Performance Funding System (PFS). The use of these factors is required when developing the operating budget for submission to HUD on an annual basis.

The FY 2005 Public Housing under Management Program operating budget provides for the operation of 1,002 units (under ACC P-184) in 25 developments under the Federal Public Housing Under Management Program and support for 41 positions. Tavenner Lane (VA1951), a 12-unit Public Housing project and The Green, a 50-unit Public Housing project are also included in this budget under the separate ACC (P-2530) for mixed finance Public Housing projects.

While the budget is FY 2005 for Fairfax County, it reflects HUD funding for federal fiscal year 2004.

According to HUD, final funding level for FY2005 will be determined when all submissions have been reviewed.

As indicated in attachment II, the FCRHA FY 2005 Public Housing Budget is projected to be positive, mainly due to additional funding for prior year utility cost based on the difference between actual and budget for FY 2003.

Upon adoption, the Public Housing under Management Operating Budget will be submitted to HUD for approval.

OTHER COMMENTS:

If this item is not approved by the FCRHA and forwarded to HUD on a timely basis, there is a potential for the loss of operating subsidy for 1,002 units under ACC P-184 and another 62 units under ACC P-2530. The loss of this funding would result in the displacement of families from their rental units.

ENCLOSED DOCUMENTS:

Attachment 1: Resolution No.: 11-04

Attachment 2: Proposed Public Housing Budget for FY 2005

STAFF:

Paula C. Sampson, Director, Department of Housing and Community Development (HCD)

Mary A. Stevens, Deputy Director, HCD

Stanley A. Underwood, Director, Financial Management Division, HCD

Penny Xu, Fiscal Administrator, Financial Management Division, HCD

Esther Caesar, Accountant III, Financial Management Division, HCD

RESOLUTION NO. 11-04A

ADOPTION OF THE FY 2005 PUBLIC HOUSING UNDER MANAGEMENT  
OPERATING BUDGETS FOR ANNUAL CONTRIBUTIONS  
CONTRACTS P-184 AND P-2530

BE IT RESOLVED, that the Fairfax County Redevelopment and Housing Authority (FCRHA) approves the FY 2005 budget for Annual Contributions Contracts P-184 and P-2530 presented at its March 11, 2004 meeting, which is necessary for the operation of the FY 2005 Public Housing Under Management Program totaling 1,002 and 62 units, respectively, and authorizes submission of the budget to the U.S. Department of Housing and Urban Development.

**PROJECTED FUND STATEMENT**

**FY 2005**

**Fund 967, Public Housing under Management**

**P-184 and P-2530**

	1. FY 2003 ACTUAL EXPENDITURE	2. FY 2004 REVISED BUDGET PLAN	3. FY 2004 ESTIMATE (w/3rd Q. Adj)	4. FY 2005 ADVERTISED BUDGET	5. FY 2005 ADJUSTED
<b>BEGINNING BALANCE, JULY 1</b>	\$660,654	\$922,372	\$922,372	\$760,213	\$753,069
<b>RECEIPTS:</b>					
<b>DWELLING RENTAL INCOME</b>	\$4,010,199	\$3,873,892	\$4,010,199	\$4,056,056	\$4,056,056
<b>EXCESS UTILITIES</b>	\$132,844	\$157,364	\$132,844	\$157,364	\$157,364
<b>INTEREST ON INVESTMENTS</b>	\$38,300	\$58,451	\$38,300	\$58,451	\$58,451
<b>OTHER OPERATING RECEIPTS</b>	\$153,061	\$118,032	\$153,061	\$118,032	\$118,032
<b>HUD ANNUAL CONTRIBUTION (DEBT SERVICE)</b>	\$239,205	\$239,075	\$239,075	\$241,325	\$241,325
<b>HUD SUBSIDY</b>	\$926,066	\$653,084	\$665,023	\$653,084	\$935,450 2/
<b>TOTAL RECEIPTS</b>	\$5,499,675	\$5,099,898	\$5,238,502	\$5,284,312	\$5,566,678
<b>TOTAL AVAILABLE</b>	\$6,160,329	\$6,022,270	\$6,160,874	\$6,044,525	\$6,319,747
<b>EXPENDITURES:</b>					
<b>ADMINISTRATION</b>	\$1,456,243	\$1,584,930	\$1,608,833	\$1,624,277	\$1,624,277
<b>TENANT SERVICES</b>	\$17,582	\$49,415	\$49,415	\$49,465	\$49,465
<b>UTILITIES</b>	\$1,498,557	\$1,469,973	\$1,521,663	\$1,469,973	\$1,469,973
<b>ORDINARY MAINTENANCE/OPERATION</b>	\$1,506,129	\$1,434,837	\$1,441,880	\$1,565,048	\$1,565,048
<b>GENERAL EXPENSES</b>	\$512,153	\$462,800	\$525,912	\$365,411	\$365,411
<b>NONROUTINE EXPENDITURES</b>	\$14,601	\$21,027	\$21,027	\$21,027	\$21,027
<b>OTHER EXPENSES</b>	\$232,692	\$239,075	\$239,075	\$241,325	\$241,325
<b>TOTAL EXPENDITURES</b>	\$5,237,957	\$5,262,057	\$5,407,805	\$5,336,526	\$5,336,526
<b>ENDING BALANCE, JUNE 30</b>	\$922,372 1/	\$760,213	\$753,069	\$707,999	\$983,221

1/ Final FY 2003 adjustments are included in the balance.

2/ Based on FY 2005 budget submission to HUD.

